

South Carolina Office of Regulatory Staff

Columbia, South Carolina

State Auditor's Report

June 30, 2020



Independent Accountant's Report On Applying Agreed-Upon Procedures

July 14, 2021

Ms. Nanette S. Edwards, Executive Director
South Carolina Office of Regulatory Staff
Columbia, South Carolina

We have performed the procedures described in Attachment 1 on the systems, processes and behaviors related to financial activity of the Office for the fiscal year ended June 30, 2020. The Office's management is responsible for the systems, processes and behaviors related to financial activity.

The Office's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of understanding the systems, processes and behaviors related to financial activity. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

We were engaged by the Office to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the systems, processes and behaviors related to financial activity of the Office for the year ended June 30, 2020. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.

The concept of materiality does not apply to findings to be reported in an agreed-upon procedures engagement. Therefore, all findings from the application of the agreed-upon procedures must be reported unless the definition of materiality is agreed to by the Office's management. Management of the Office has agreed that the following deficiencies will not be included in the State Auditor's Report on Applying Agreed-Upon Procedures:

- Errors of less than \$1,000 related to cash receipts and non-payroll cash disbursements transactions.
- Errors of less than \$2,500 related to reporting packages.

We are required to be independent of the Office and to meet other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the management of the South Carolina Office of Regulatory Staff, and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

George L. Kennedy, III, CPA
State Auditor

South Carolina Office of the State Auditor

Agreed - Upon Procedures Related to the South Carolina Office of Regulatory Staff (R06)

Cash Receipts/Revenues

1. Haphazardly selected five cash receipts transactions and inspect supporting documentation to determine:
 - Supporting documentation for transaction agrees with the general ledger as to amount, date, payor, document number, and account classification.
 - Revenues/receipts were deposited in a timely manner in accordance with Proviso 117.1 of the fiscal year 2020 Appropriation Act.
 - Both revenue collections and amounts charged are properly authorized by law and that any fee increases are in accordance with Proviso 117.7 of the fiscal year 2020 Appropriation Act.
 - Receipts are recorded in the proper fiscal year.

We found no exceptions as a result of this procedure.

Cash Disbursements/Non-Payroll Expenditures

2. Haphazardly select ten non-payroll disbursements and inspect supporting documentation to determine:
 - The transaction is properly completed as required by Office procedures and invoice(s) agree(s) with general ledger as to vendor, amount, invoice number, and date.
 - All supporting documents and approvals are present and agree with the invoice.
 - The transaction is an actual expenditure of the Office.
 - The transaction is properly classified in the general ledger.
 - Disbursement is recorded in the proper fiscal year.
 - Clerical accuracy.

For federally funded cash disbursements/non-payroll expenditures, inspect supporting documentation to determine:

- Charges are in accordance with the requirements of the program, incurred during the approved grant period, and applied uniformly to both federally assisted and other activities of the recipient.

We found no exceptions as a result of this procedure.

Payroll

3. Haphazardly select five employees who terminated employment during the fiscal year to determine if they were removed from the payroll in accordance with the Office's policies and procedures and that their last pay check, including any leave payout, was properly calculated in accordance with applicable State law.

We found no exceptions as a result of this procedure.

Journal Entries and Transfers

4. Haphazardly select five journal entries and transfers and inspect supporting documentation to determine:
 - Postings in the general ledger agree to supporting documentation.
 - Transaction is properly approved.
 - The purpose of the transaction.

We found no exceptions as a result of this procedure.

Reporting Packages

5. Inspect fiscal year end reporting packages submitted to the Comptroller General's Office (CG). Compare responses in the Master Reporting Package Checklist and any required supplemental information year end reporting packages submitted to the CG, the South Carolina Enterprise Information System (SCEIS) and Office prepared records. Additionally, compare the dates submitted to the due dates established by the CG's Reporting Policies and Procedures Manual.
6. In addition to the procedure above, perform the following:
 - Tax Revenue Reporting Package

Agree amounts to Office prepared reports/spreadsheets.
 - Prepaid Expenses Reporting Package

Agree amounts to the SCEIS *Yearend Reporting - Prepaid Expenses* report. Inspect all (three) prepaid expenses and determine if the amounts were properly classified, calculated, and reported.
 - Operating Leases Reporting Package

Agree amounts to the SCEIS general ledger, the SCEIS *Yearend Reporting Operating Lease Expense with Vendor* report. In addition, based on inspection of invoices and lease agreements, determine that rental payments were properly recorded in the general ledger by inspecting and recalculating the following reported amounts: (1) Five haphazardly selected contingent rental payments and (2) Future minimum payments for all (two) leases reported on the Operating Leases Future Minimum Payment Schedule.
 - Subsequent Events Questionnaire

Compare responses and any required supplemental information to the SCEIS general ledger and Office prepared records.

We found no exceptions as a result of these procedures.

Assets and Personal Property

7. Haphazardly select two capital asset acquisitions and inspect supporting documentation to determine that each asset was properly capitalized and posted to the general ledger in accordance with the CG's Reporting Policies and Procedures Manual.

Assets and Personal Property (Continued)

8. Through inquiry of management and inspection of supporting documentation, determine that an inventory of Office property, excluding expendables, was completed during the fiscal year as required by South Carolina Code of Laws Section 10-1-140.

We found no exceptions as a result of these procedures.

Status of Prior Finding

9. Through inquiry of management and inspection of supporting documentation, determine the Office has taken appropriate corrective action on the finding reported during the engagement for the prior fiscal year.

We determined that the Office has taken appropriate corrective action on the finding reported in the prior year engagement.